

**REPORT OF THE AUDIT OF THE  
ROBERTSON COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2015**



**MIKE HARMON  
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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Matthew G. Bevin, Governor

William M. Landrum III, Secretary

Finance and Administration Cabinet

Honorable Stephanie A. Bogucki, Robertson County Judge/Executive

Honorable Billy R. Allison, Former Robertson County Judge/Executive

Members of the Robertson County Fiscal Court

The enclosed report prepared by Teddy Michael Prater, CPA, PLLC, presents the financial statement of Robertson County, Kentucky, for the year ended June 30, 2015.

We engaged Teddy Michael Prater, CPA, PLLC, to perform the audit of this financial statement. We worked closely with the firm during our report review process; Teddy Michael Prater, CPA, PLLC, evaluated Robertson County, Kentucky's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Mike Harmon  
Auditor of Public Accounts

Enclosure





**EXECUTIVE SUMMARY**  
**AUDIT OF THE**  
**ROBERTSON COUNTY FISCAL COURT**

**June 30, 2015**

Teddy Michael Prater CPA, PLLC has completed the audit of the Robertson County Fiscal Court for fiscal year ended June 30, 2015.

We have issued an unmodified opinion, based on our audit, on the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of Robertson County Fiscal Court.

**Financial Condition:**

The Robertson County Fiscal Court had total receipts of \$1,799,920 and disbursements of \$1,560,704 in fiscal year 2015. This resulted in a total ending fund balance of \$1,054,379, which is an increase of \$239,216 from the prior year.

**Report Comment:**

2015-001    The General Fund Owes The Road Fund \$74,650 From Prior Years

**Deposits:**

The fiscal court deposits were insured and collateralized by bank securities or bonds.



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Independent Auditor's Report

**Report on the Financial Statement**

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of Robertson County Fiscal Court, for the year ended June 30, 2015, and the related notes to the financial statement which collectively comprise the Robertson County Fiscal Court's financial statement as listed in the table of contents.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described more fully in Note 1 of the financial statement, the financial statement is prepared by Robertson County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Robertson County Fiscal Court as of June 30, 2015, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of Robertson County Fiscal Court as of June 30, 2015, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of Robertson County Fiscal Court. The budgetary comparison schedules and capital asset schedule are presented for purposes of additional analysis and are not a required part of the financial statement, however they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying budgetary comparison schedules and capital asset schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules and capital asset schedule are fairly stated in all material respects in relation to the financial statement as a whole.

To the People of Kentucky  
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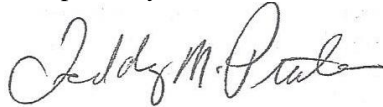
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 09, 2015 on our consideration of Robertson County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Robertson County Fiscal Court's internal control over financial reporting and compliance.

Based on the results of our audit, we present the accompanying comment and recommendation included herein, which discusses the following report comment:

2015-001    The General Fund Owes The Road Fund \$74,650 From Prior Years

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Teddy M. Prater", is written over a faint, circular official seal.

Teddy Michael Prater CPA, PLLC

December 09, 2015

## ROBERTSON COUNTY OFFICIALS

For The Year Ended June 30, 2015

**Fiscal Court Members:**

Stephanie A. Bogucki	County Judge/Executive
Donnie Moore	Magistrate
Terry Cracraft	Magistrate
Terry L Norris	Magistrate
Larry Jones	Magistrate
Troy Martin	Magistrate

**Other Elected Officials:**

Jesse Melcher	County Attorney
Tim Wright	Jailer
Joanie Jolly	County Clerk
Tabitha Tilton	Circuit Court Clerk
Mark Sutton	Sheriff
Annette Lovins	Property Valuation Administrator
John Thompson	Coroner

**Appointed Personnel:**

James Myron Thomas	County Treasurer
Jenny Fooks	Chief Financial Officer
John Wagoner	Road Supervisor

**ROBERTSON COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**

**For The Year Ended June 30, 2015**

**ROBERTSON COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**

**For The Year Ended June 30, 2015**

	<b>Budgeted Funds</b>		
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>
<b>RECEIPTS</b>			
Taxes	\$ 287,424	\$	\$
Intergovernmental	256,209	838,274	71,506
Charges for Services	30		953
Miscellaneous	120,922	11,155	1,729
Interest	2,862	90	
Total Receipts	<u>667,447</u>	<u>849,519</u>	<u>74,188</u>
<b>DISBURSEMENTS</b>			
General Government	541,425	18,000	
Protection to Persons and Property	111,516		65,790
General Health and Sanitation	10,676		
Social Services			
Recreation and Culture	13,992		
Roads		257,131	
Debt Service			
Capital Projects			
Administration	<u>169,350</u>	<u>135,063</u>	<u>14,761</u>
Total Disbursements	<u>846,959</u>	<u>410,194</u>	<u>80,551</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(179,512)</u>	<u>439,325</u>	<u>(6,363)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Transfers From Other Funds	147,751	3,800	
Transfers To Other Funds	<u>(3,800)</u>	<u>(147,751)</u>	
Total Other Adjustments to Cash (Uses)	<u>143,951</u>	<u>(143,951)</u>	
Net Change in Fund Balance	(35,561)	295,374	(6,363)
Fund Balance - Beginning	<u>202,078</u>	<u>578,079</u>	<u>19,577</u>
Fund Balance - Ending	<u>\$ 166,517</u>	<u>\$ 873,453</u>	<u>\$ 13,214</u>
<b>Composition of Fund Balance</b>			
Bank Balances	\$ 13,201	\$ 8,678	\$ 13,214
Less: Outstanding Checks	(1,713)	(328)	
Savings Accounts	55,029	415,103	
Certificates of Deposit	<u>100,000</u>	<u>450,000</u>	
Fund Balance - Ending	<u>\$ 166,517</u>	<u>\$ 873,453</u>	<u>\$ 13,214</u>
	*	*	

\* - See Note 11.

The accompanying notes are an integral part of the financial statement.

Unbudgeted Fund	Private Purpose Trust Fund	
Public Properties Corporation Fund	McDowell Old Folks Trust Fund	Total Funds
\$ 208,714	\$ 52	\$ 287,424
		1,374,755
		983
		133,806
		2,952
208,714	52	1,799,920
		559,425
		177,306
		10,676
	92	92
		13,992
206,714		257,131
14,194		206,714
2,000		14,194
222,908	92	321,174
		1,560,704
(14,194)	(40)	239,216
		151,551
		(151,551)
(14,194)	(40)	239,216
14,194	1,235	815,163
\$	\$ 1,195	\$ 1,054,379
\$	\$ 1,195	\$ 36,288
		(2,041)
		470,132
		550,000
\$	\$ 1,195	\$ 1,054,379

The accompanying notes are an integral part of the financial statement.

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TO THE FINANCIAL STATEMENT**

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**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**

**June 30, 2015**

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The financial statement of Robertson County includes all budgeted and unbudgeted funds under the control of the Robertson County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

**B. Basis of Accounting**

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

**C. Basis of Presentation**

**Budgeted Funds**

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2015**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**Budgeted Funds (Continued)**

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted fund:

Public Properties Corporation Fund - The primary purpose of this fund is to account for the debt service requirements of the First Mortgage Revenue Bonds, Series 2008. The Department for Local Government does not require the fiscal court to report or budget this fund.

**D. Budgetary Information**

Annual budgets are adopted on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Disbursements may not exceed budgeted appropriations at the activity level.

The State Local Finance Officer does not require the Public Properties Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2015**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. Robertson County Elected Officials**

Kentucky law provides for election of the officials below from the geographic area constituting Robertson County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of Robertson County Fiscal Court.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

**F. Deposits and Investments**

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**G. Long-term Obligations**

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2015**  
**(Continued)**

**Note 2. Deposits**

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the fiscal court's deposits may not be returned. The fiscal court does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2015, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**Note 3. Transfers**

The table below shows the interfund operating transfers for fiscal year 2015.

	General Fund	Road Fund	Total Transfers In
General Fund	\$	\$ 147,751	\$ 147,751
Road Fund	3,800		3,800
Total Transfers Out	\$ 3,800	\$ 147,751	\$ 151,551

**Reason for transfers:**

To move resources from and to the General Fund and other funds, for budgetary purposes, to the funds that will expend them, and to partially repay the interfund receivable owed to the Road Fund.

**Note 4. Private Purpose Trust Funds**

Private-purpose trust funds, are used to report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

The fiscal court has the following private purpose trust fund:

McDowell Old Folks Trust Fund - This private-purpose trust fund was established to benefit the senior citizens in Robertson County.

**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2015**  
**(Continued)**

**Note 5. Long-term Debt**

**A. First Mortgage Revenue Bonds, Series 2008**

On April 1, 2008, Robertson County Public Properties Corporation issued \$3,305,000 First Mortgage Revenue Bonds, Series 2008. The bonds were issued for the purpose of providing permanent financing for the construction of the Robertson County Justice Center. Interest on the bonds is payable semi-annually on March 1 and September 1, beginning September 1, 2008. Principal payments are payable annually beginning March 1, 2009. Robertson County Fiscal Court entered into a lease agreement with Administrative Office of the Courts in order to provide funding to meet annual debt service requirements. The total principal balance outstanding as of June 30, 2015 was \$2,645,000. Future principal and interest requirements are as follows:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2016	\$ 105,000	\$ 103,214
2017	110,000	99,539
2018	115,000	95,689
2019	115,000	91,434
2020	120,000	87,179
2021-2025	675,000	362,919
2026-2030	825,000	217,800
2031-2033	580,000	47,000
Totals	<u>\$ 2,645,000</u>	<u>\$ 1,104,774</u>

**B. Changes In Long-term Debt**

Long-term Debt activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	<u>\$ 2,745,000</u>	<u>\$</u>	<u>\$ 100,000</u>	<u>\$ 2,645,000</u>	<u>\$ 105,000</u>
Total Long-term Debt	<u>\$ 2,745,000</u>	<u>\$ 0</u>	<u>\$ 100,000</u>	<u>\$ 2,645,000</u>	<u>\$ 105,000</u>

**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2015**  
**(Continued)**

**Note 6. Employee Retirement System**

**A. Plan Description**

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan that covers all eligible regular full-time members employed in non-hazardous positions in the county. The Plan provides for retirement, disability and death benefits to plan members. Retirement benefits may be extended to beneficiaries of the plan members under certain circumstances. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute six percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 17.67 percent.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute five percent (nonhazardous) of their annual creditable compensation and one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent (nonhazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

The county's contribution for FY 2013 was \$95,580, FY 2014 was \$88,493, and FY 2015 was \$81,707.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

CERS also provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<b>Years of Service</b>	<b>% paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2015**  
**(Continued)**

**Note 6. Employee Retirement System (Continued)**

**A. Plan Description**

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

The Kentucky Retirement Systems issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

**B. Net Pension Liability**

As promulgated by GASB Statement No. 68 the total pension liability for CERS was determined by an actuarial valuation as of June 30, 2014. The total net pension liability for all employers participating in CERS was determined by an actuarial valuation as of June 30, 2014, measured as of the same date and is as follows: non-hazardous \$3,244,377,000 and hazardous \$1,201,825,000, for a total net pension liability of \$4,446,202,000 as of June 30, 2014.

Based on these requirements, Robertson County's proportionate share of the net pension liability as of June 30, 2015 is:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Hazardous	\$	\$
Non-Hazardous	<u>735,000</u>	<u>649,000</u>
Totals	<u>\$ 735,000</u>	<u>\$ 649,000</u>

**Note 7. Deferred Compensation**

The Robertson County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permits all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

**ROBERTSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2015**  
**(Continued)**

**Note 8. Health Reimbursement Account**

All Robertson County employees who meet the requirements of the Personnel Policy for eligibility for health insurance as provided by Robertson County Fiscal Court, have the option to waive their right to health insurance and participate in a health reimbursement account. As of June 30, 2015, the fiscal court provided \$450 monthly to each employee participating in the health reimbursement account. As of June 30, 2015, the Health Reimbursement Account had an ending cash balance of \$20,266.

**Note 9. Insurance**

For the fiscal year ended June 30, 2015, Robertson County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 10. Related Party Transactions**

Magistrate Terry Cracraft is the owner of Dee Jay Auto Parts, II, Inc., located in Mount Olivet, Kentucky. The fiscal court occasionally purchases from Dee Jay Auto Parts, II, Inc. The total spent during fiscal year 2015 was \$7,590.

**Note 11. Interfund Receivable and Liability**

The table below reflects fund balances after accounting for the receivable and liability between the Road Fund and General Fund that is not included on the financial statement prepared in accordance with the regulatory basis of accounting:

	<u>General Fund</u>	<u>Road Fund</u>
Fund Balance - Ending	\$ 166,517	\$ 873,453
Interfund Receivable (Liability)	<u>(74,650)</u>	<u>74,650</u>
 Fund Balance - Ending	 <u>\$ 91,867</u>	 <u>\$ 948,103</u>

**ROBERTSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2015**



**ROBERTSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2015**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 269,100	\$ 269,100	\$ 287,424	\$ 18,324
Intergovernmental	226,215	226,215	256,209	29,994
Charges for Services	400	400	30	(370)
Miscellaneous	109,050	109,050	120,922	11,872
Interest	2,500	2,500	2,862	362
Total Receipts	607,265	607,265	667,447	60,182
<b>DISBURSEMENTS</b>				
General Government	568,927	610,040	541,425	68,615
Protection to Persons and Property	101,705	115,963	111,516	4,447
General Health and Sanitation	9,700	11,700	10,676	1,024
Social Services	1,000	1,000		1,000
Recreation and Culture	10,000	14,000	13,992	8
Capital Projects	4,000	4,000		4,000
Administration	249,684	188,313	169,350	18,963
Total Disbursements	945,016	945,016	846,959	98,057
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(337,751)	(337,751)	(179,512)	158,239
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	147,751	147,751	147,751	
Transfers To Other Funds	(10,000)	(10,000)	(3,800)	6,200
Total Other Adjustments to Cash (Uses)	137,751	137,751	143,951	6,200
Net Change in Fund Balance	(200,000)	(200,000)	(35,561)	164,439
Fund Balance Beginning	200,000	200,000	202,078	2,078
Fund Balance - Ending	\$ 0	\$ 0	\$ 166,517	\$ 166,517

**ROBERTSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2015**  
**(Continued)**

<b>ROAD FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,223,945	\$ 1,223,945	\$ 838,274	\$ (385,671)
Miscellaneous	9,500	9,500	11,155	1,655
Interest	2,000	2,000	90	(1,910)
Total Receipts	1,235,445	1,235,445	849,519	(385,926)
<b>DISBURSEMENTS</b>				
General Government	18,000	18,000	18,000	
Roads	1,121,700	1,122,700	257,131	865,569
Administration	597,994	596,994	135,063	461,931
Total Disbursements	1,737,694	1,737,694	410,194	1,327,500
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(502,249)	(502,249)	439,325	941,574
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			3,800	3,800
Transfers To Other Funds	(147,751)	(147,751)	(147,751)	
Total Other Adjustments to Cash (Uses)	(147,751)	(147,751)	(143,951)	3,800
Net Change in Fund Balance	(650,000)	(650,000)	295,374	945,374
Fund Balance Beginning	650,000	650,000	578,079	(71,921)
Fund Balance - Ending	\$ 0	\$ 0	\$ 873,453	\$ 873,453

**ROBERTSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2015**  
**(Continued)**

<b>JAIL FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 80,200	\$ 80,200	\$ 71,506	\$ (8,694)
Charges for Services	3,500	3,500	953	(2,547)
Miscellaneous	4,500	4,500	1,729	(2,771)
Total Receipts	88,200	88,200	74,188	(14,012)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	88,753	91,611	65,790	25,821
Administration	24,447	21,589	14,761	6,828
Total Disbursements	113,200	113,200	80,551	32,649
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(25,000)	(25,000)	(6,363)	18,637
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	10,000	10,000		(10,000)
Total Other Adjustments to Cash (Uses)	10,000	10,000		(10,000)
Net Change in Fund Balance	(15,000)	(15,000)	(6,363)	8,637
Fund Balance Beginning	15,000	15,000	19,577	4,577
Fund Balance - Ending	\$ 0	\$ 0	\$ 13,214	\$ 13,214

**ROBERTSON COUNTY**  
**NOTES TO REGULATORY SUPPLEMENTARY**  
**INFORMATION - BUDGETARY COMPARISON SCHEDULES**

**June 30, 2015**

**Note 1. Budgetary Information**

Annual budgets are adopted on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Disbursements may not exceed budgeted appropriations at the activity level.

**ROBERTSON COUNTY**  
**SUPPLEMENTARY SCHEDULE**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2015**



**ROBERTSON COUNTY**  
**SCHEDULE OF CAPITAL ASSETS**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2015**

The fiscal court reports the following schedule of capital assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 120,000	\$	\$	\$ 120,000
Buildings	5,693,538			5,693,538
Vehicles	338,177			338,177
Machinery and Equipment	574,695	14,032		588,727
Infrastructure	2,971,058			2,971,058
 Total Capital Assets	 <u>\$ 9,697,468</u>	 <u>\$ 14,032</u>	 <u>\$</u>	 <u>\$ 9,711,500</u>

**ROBERTSON COUNTY**  
**NOTES TO REGULATORY SUPPLEMENTARY**  
**INFORMATION - SCHEDULE OF CAPITAL ASSETS**

**June 30, 2015**

**Note 1. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	Capitalization Threshold	Useful Life (Years)
Land and Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-60
Vehicles	\$ 2,500	3-10
Machinery and Equipment	\$ 2,500	5
Infrastructure	\$ 20,000	10-50

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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**TEDDY MICHAEL PRATER CPA, PLLC**  
**HC 62 Box 291**  
**Salyersville, KY 41465**  
**Telephone (606) 349-8042**

The Honorable Stephanie A. Bogucki, Robertson County Judge/Executive  
The Honorable Billy R. Allison, Former Robertson County Judge/Executive  
Members of the Robertson County Fiscal Court

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Robertson County Fiscal Court for the fiscal year ended June 30, 2015 and the related notes to the financial statement which collectively comprise the Robertson County Fiscal Court's financial statement and have issued our report thereon dated December 09, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Robertson County Fiscal Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Robertson County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Robertson County Fiscal Court's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With *Government Auditing Standards*  
(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Robertson County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying comment and recommendation as item 2015-001.

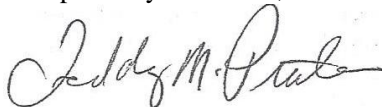
**County Judge/Executive's Response to Finding**

The Robertson County Judge/Executive's response to the finding identified in our audit is included in the accompanying comment and recommendation. The County Judge/Executive's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Teddy M. Prater", is written over a light blue circular stamp.

Teddy Michael Prater CPA, PLLC

December 09, 2015

**ROBERTSON COUNTY  
COMMENT AND RECOMMENDATION**

**For The Year Ended June 30, 2015**



**ROBERTSON COUNTY**  
**COMMENT AND RECOMMENDATION**

**Fiscal Year Ended June 30, 2015**

**STATE LAWS AND REGULATIONS:**

**2015-001    The General Fund Owes The Road Fund \$74,650 From Prior Years**

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In prior years, \$96,500 of restricted Road Funds was transferred to the General Fund in excess of the approved amount, creating a receivable and liability between the funds. The excess amount had not been repaid as of the fiscal year end June 30, 2009. As of FY 2009-2010, excess transfers from the Road Fund to the General Fund were no longer being made. The fiscal court has made periodic payments from the General Fund to the Road Fund to reduce the liability to \$74,650 as of June 30, 2015. Under the regulatory basis of accounting, fund balances are not adjusted for the unpaid liability. However, prior year audited balances had been adjusted for the receivable and liability; therefore, beginning balances as reported in the current audit have been adjusted to reflect the correct balances for the General Fund and Road Fund in Note 11 of the Notes to the Financial Statement. We recommend the General Fund liability be paid as money becomes available.

*County Judge/Executive's Response: Will continue to make payments when court approves.*

